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Veteran dealers and middlemen are tied to the contra diversion

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WASHINGTON - The international group that engineered the flow of arms and money from Iran to the Nicaraguan rebels is part of a small, tightly knit network of arms merchants and middlemen who have reportedly dealt in the sometimes shady business of weapons transfers for years.

Its key participants have close connections with high-ranking officials in the United States, Israel and Saudi Arabia.

For years, several of them have been at the center of deals in which arms have been the instrument of policy, the means by which local politics, bureaucracies and even nationalist loyalties can be circumvented. And in some cases, they have had roles in deals in which much personal profit can be made.

A central figure in this case appears to be Richard Secord, a retired US Air Force general who has gained notoriety in recent years as one of the two main supporters of aid - private and public - to the rebels, called contras, battling to overthrow the Sandinista government of Nicaragua.

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Unwelcome publicity

Around this time, Secord was also facing some unwelcome publicity for his involvement in another arms deal in the Middle East.

His colleagues in this arrangement were even higher notables: Erich von Marbod, former director of the Pentagon's arms-sales office; and Thomas Clines, former director of training for the Central Intelligence Agency's clandestine offices. They had all worked in Iran during the shah's reign.

According to a 1982 column by Jack Anderson, based on FBI investigations, these three were shareholders in a company that shipped US government arms to Egypt - at the same time that von Marbod was a Pentagon official in charge of making decisions on arms shipments to Egypt.

In his book, "Manhunt," Peter Maas corroborates Anderson's story and says that another investor in the company was Edwin P. Wilson, the former CIA agent who amassed a small fortune selling arms to the Libyan government and various terrorists.

Temporary removal

The company, called International Research and Trade, changed its name to the Egyptian American Transport and Services Corporation.

According to Maas, when the FBI began investigating the company in early 1982, Secord - the only one of the three still in government - was removed from office pending a lie-detector test.

Maas writes: "But he never took the test. Instead, without any prior notification to the Justice Department, he was abruptly reinstated by Frank C. Carlucci, a former deputy director of the CIA who had become the number two man in the Defense Department."

In 1983, Secord retired from the military and went into business with an Iranian of Palestinian descent named Albert Hakim, in a company called Stanford Technology Trading Group International, according to the Maas book and the Anderson column.

The company has reportedly hired several former CIA officials, including Theodore Shackley, a former associate director of clandestine services, and Frank Terpil, who was later unmasked as Edwin Wilson's associate in the terrorist arms-running market.

The company is still in existence, though Shackley and Terpil are no longer working there.

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